info 80

This Info edition is a cooperative effort of the City of San Diego, County of San Diego, San Diego Gas & Electric Co., and the Comprehensive Planning Organization.

DEMOGRAPHIC & ECONOMIC FORECASTS SAN DIEGO REGION 1980 – 2000

INTRODUCTION

The Series V demographic and economic forecasts presented in this bulletin were developed through a cooperative effort by the San Diego County Department of Planning and Land Use, the San Diego City Department of Financial Management, the San Diego Gas and Electric Company and the Comprehensive Planning Organization. A computer model, developed by Criterion West Inc., (formerly Econometric Research Associates) was used to generate the forecasts with funding provided, in part, by the Urban Mass Transit Administration and the Department of Housing and Urban Development. This is the second set of forecasts produced using the regional model. It is expected that a continuation of the existing cooperative effort will result in biannual updates of the San Diego Demographic & Economic Forecasts.

BACKGROUND

An important part of the regional planning effort by the Comprehensive Planning Organization (CPO) is coordinating the development of long-term demographic and economic forecasts for the San Diego region. These forecasts, and the model used to develop them, are a result of numerous individual studies. An earlier attempt to study the regional economy's many interrelationships was the 1965 Economic Development Research Program, organized by the San Diego Chamber of Commerce. Since that initial report, there has been a substantial investment made by both public and private agencies to describe, analyze and forecast economic activity in the region. Combined, these studies have helped to untangle the overwhelming complexities of San Diego's regional economy.

A significant milestone was passed in 1977 with the adoption of the Series IV Regional Growth Forecasts. For the first time, each local planning agency, in addition to various state and federal agencies, agreed upon a set of long-term demographic forecasts for the entire San Diego region. The demographic and economic forecasts resulting from this regionwide cooperative planning process are the most useful ever produced in San Diego County.

The results are important to everyone who has an interest in the community. Forecasts provide local planners and public officials with essential information they need to make informed decisions concerning the growth and development of the San Diego region.

ACKNOWLEDGEMENTS

In addition to the previously mentioned contributors, directional input and technical assistance was provided by the following agencies: the San Diego Chamber of Commerce, the California State Department of Finance, the California Employment Development Department, and the San Diego County Department of Education.

NOTE ABOUT THE FORECASTS

The demographic and economic forecasting model is designed to provide information for long term planning and for examining the long term impacts of private and public decisions affecting the San Diego economy. Many short term phenomenon, such as business cycles and construction cycles, are not reflected in the model's structure. The regional forecasts are updated periodically in order to reflect any changes in local or national policies and events which would affect the development of the San Diego region.

The preliminary 1980 census count for San Diego's regional population was released shortly before completing this Info 80 bulletin. A comparison between the April 1980 preliminary census enumeration of the region's population (1,819,300) and that of the July 1980 Series V Regional Growth Forecasts (1,843,700) shows that there is approximately one percent difference between the CPO forecast and the

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COMPREHENSIVE PLANNING ORGANIZATION OF THE SAN DIEGO REGION cpo

MEMBER AGENCIES: Cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, San Diego, San Marcos and Vista/Ex-officio Member: California Department of Transportation/Honorary Member: Tijuana, B. CFA.

preliminary census figure.

TABLE 1

POPULATION

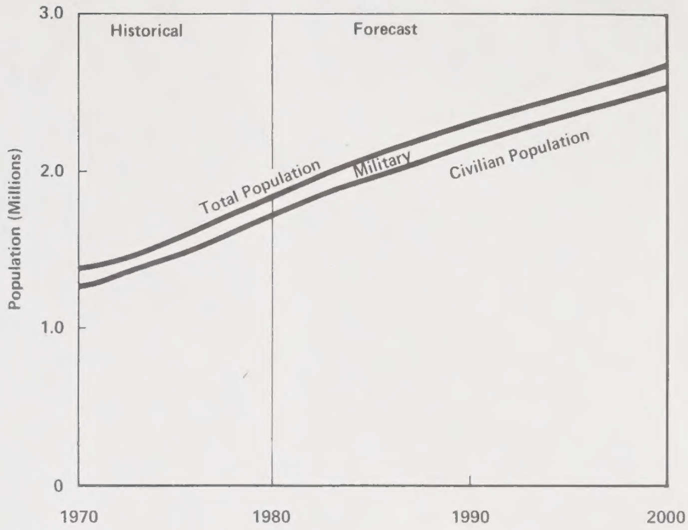
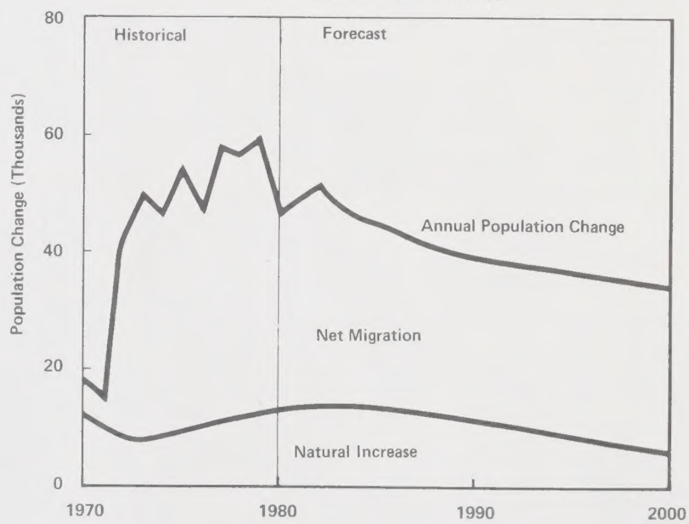


TABLE 2

ANNUAL POPULATION CHANGE



FORECAST SUMMARY

As we move into a new decade and closer to the end of the century, San Diego's regional economy is expected to experience significant demographic and economic changes. The economic outlook for the local economy throughout the remainder of this century is presented on page 9 of this bulletin, and is expected to be one of:

- lower population growth rates
- declining population per household
- rising employment, and rates of unemployment
- increasing real per capita personal income
- rising median age

If the region could have been considered somewhat isolated from the economic activitiy of the rest of the nation in the past, it no longer fits that description. Economic questions facing the nation will also affect the region. Inflation, credit conditions, interest rates and the degree of governmental regulation have national as well as regional implications. As San Diego grows in size and stature, it also becomes more vulnerable to exogenous economic shocks. As these events unfold the model's structure is periodically updated to reflect these changes. For example, voter approval of Proposition 13 (property tax reduction) and more recently Proposition 4 (state appropriation limitations) required a substantial structural update of the public finance sector of the forecasting model.

Total population is forecasted to increase by an average of 42,000 people annually over the next 15 years, reaching an estimated 2.47 million by 1995. Real personal income is forecasted to rise through 1995 at an average annual rate of 3.7 percent. Real purchasing power, measured by Per Capita Personal Income in 1977 constant dollars, will increase from $7,800 in 1980 to an estimated $10,000 in 1995. This assumes that the rate of inflation will subside from its current peak to a more reasonable rate of 5 to 8 percent per annum by 1995.

An estimated 249,900 employees will be added to the region's civilian work force, reaching a total of 938,800 by 1995. This relates to an average increase of approximately 16,700 new jobs each year.

The number of housing units in the region is expected to rise by 22,700 units per year, reaching a total of 1,029,400 units by 1995. Average household size (measured by the ratio of household population to occupied dwelling units) will fall from 2.66 to 2.47, while vacancy rates are expected to rise to a slightly greater level.

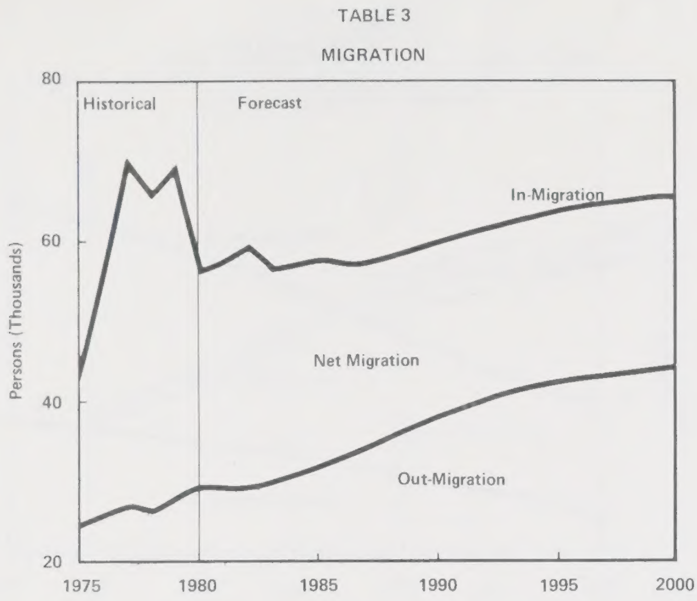
FORECAST HIGHLIGHTS

Population

Population in the San Diego region is projected to reach 2 million during the mid-1980's. While the rampant growth of the last few years appears to be slowing somewhat, the region will still experience an average annual growth of 42,000 (2.0%) over the next 15 years. This rate of growth is considerably greater than rates for California (1.5%)[1] or the U.S. (.8%)[2].

[1] California State Department of Finance.

[2] U.S. Bureau of the Census.

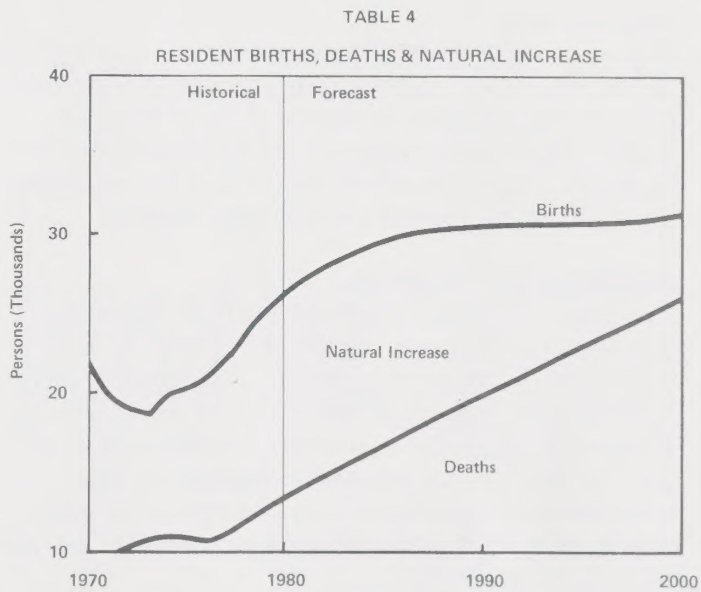


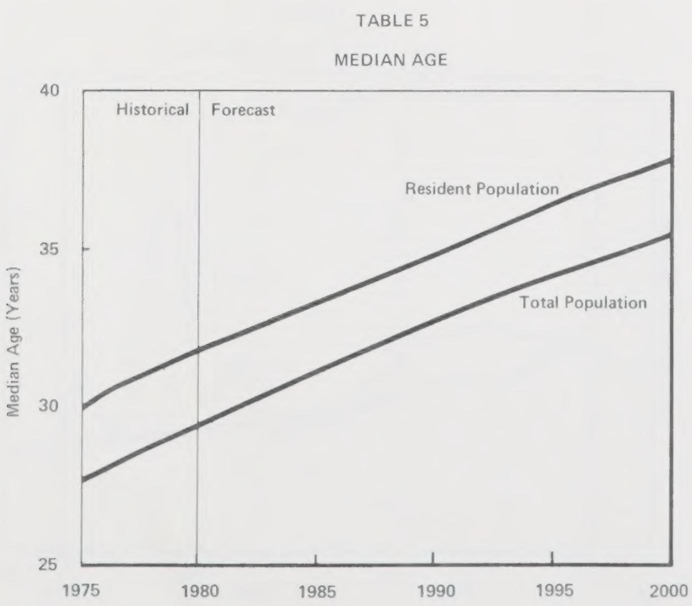
Migration

Approximately 73% of the growth between 1980 and 1995 will be attributable to net migration. Net migration, averaging 30,600 annually, can be divided into two primary componets: employment related migration and retirement-related migration. Employment related migration, as the name implies, is a function of the number of jobs available and labor market conditions in the region. This component of migration will account for 74% of the annual net migration. The remainder is composed of retirement-related migrants - mostly individuals aged 65 and over. The steady increase in employment throughout the region will therefore be a prime generator of population growth.

Natural Increase

Natural increase in population - the difference between births and deaths - will account for 27% of the total population growth in the region. Due to the large number of women entering their reproductive years in the next 5 years, the number of births increase rapidly in that time. After the mid-1980's, however, the difference between births and deaths is anticipated to narrow over time, reflecting an increased proportion of older residents and declining fertility rates.





Median Age

As the children of the "baby boom" grow older, the median age of the population also increases. In addition, longer life expectancies, falling fertility rates, substantial migration of employment aged migrants and a large number of retirement related migrants are causing the region's median age to rise to over 30 years. The last time the median age for the nation exceeded 30 years was in the late 1940's, reflecting the low birth rates of the Depression and World War II years.

Population Over 65

The same phenomena that are causing the median age to rise are also producing a rapid climb in the over-65 population. The social and economic implications of an older population (from 10.9% of the total population in 1980 to 13.5% in 1995) will become more and more evident as we approach the turn of the century.

Housing Units

The annual net growth in the region's housing stock is beginning to slow down in the wake of the boom in the late 1970's. The high rate of growth at that time (25,000 new units per year) was, in part, a response to the abnormally slow growth in 1974 and 1975 (about 13,500 new units). During the 1980-1995 period, the annual growth of the housing stock will outpace population growth (2.7% vs. 2.0%) primarily reflecting a declining household size.

Vacancy Rate

Due to the high level of housing construction activity in the region, the vacancy rate is forecast to increase from 5.1% in 1980 to a peak of 7.7% in the mid-1980's. The vacancy rate will then gradually decline to about 7% by the end of the century as population growth catches up with the available housing.

Population Per Household

The population per household has been declining steadily since the early 1970's. At that time, there were 2.94 people per household, compared to 2.66 in 1980. The drop in household size is expected to continue through the end of the century, down to 2.42 in 2000. There are several reasons for this phenomenon - low birth rates, changes in the age distribution of the population, and changing marriage and divorce patterns.

TABLE 6

POPULATION OVER 65

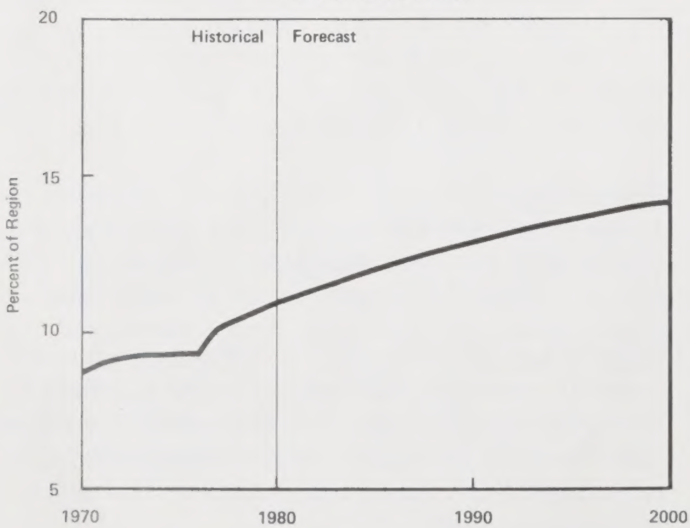


TABLE 7

HOUSING UNITS

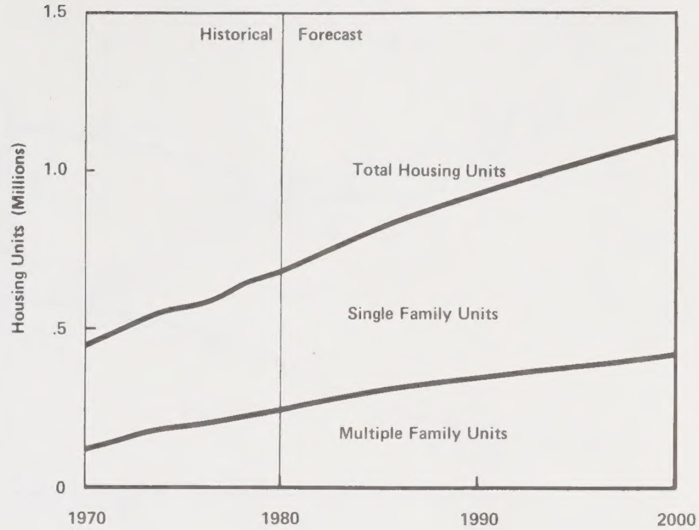


TABLE 8

VACANCY RATE

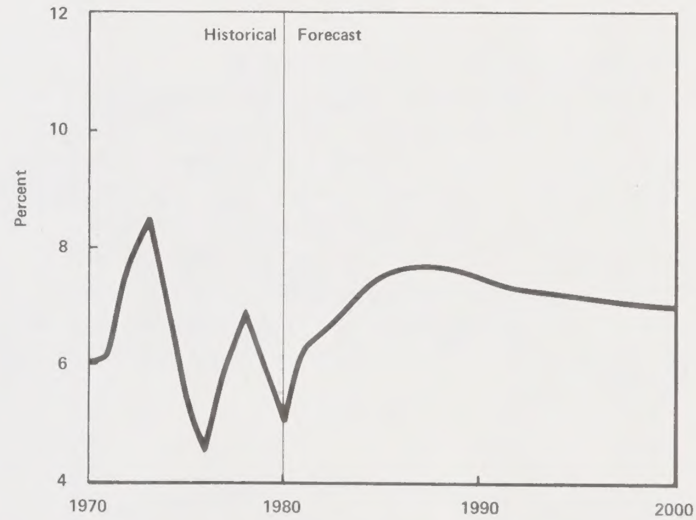


TABLE 9

POPULATION PER HOUSEHOLD

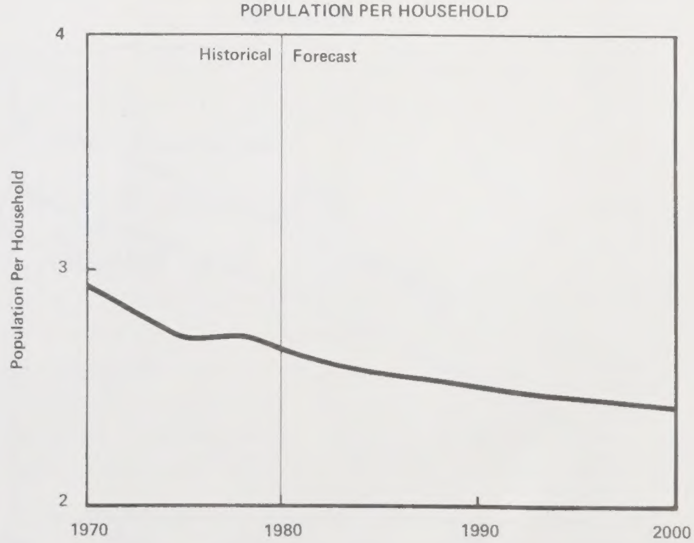
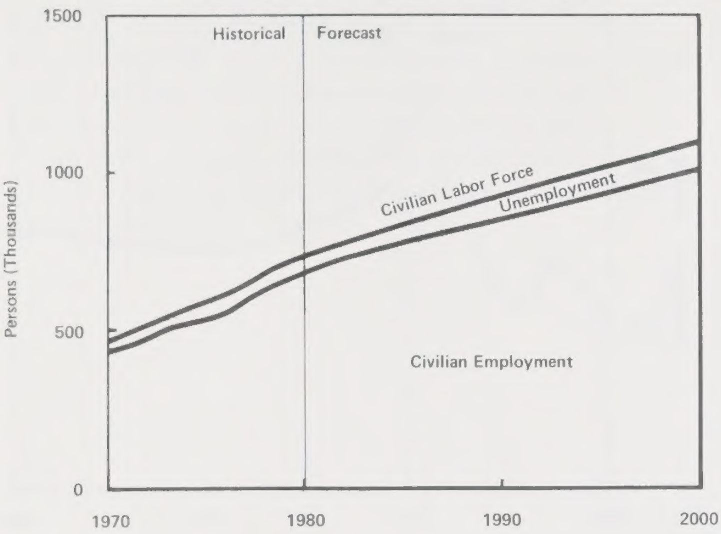


TABLE 11

LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT

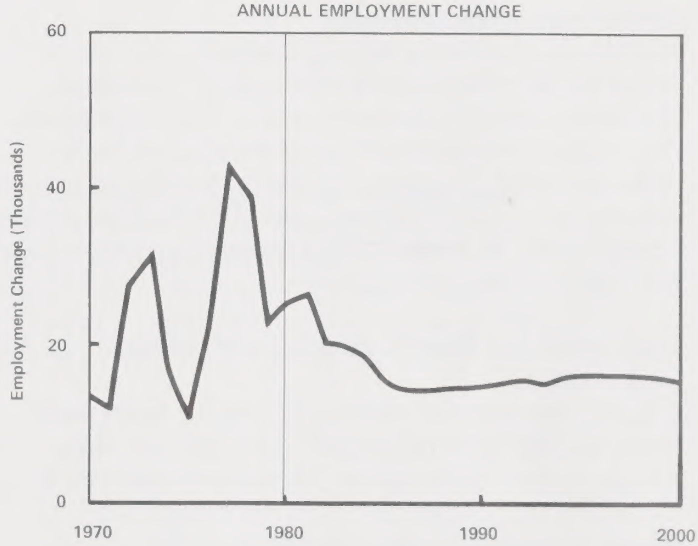


Labor Force, Employment, and Unemployment

The civilian labor force (the number of people available for work) has shown a rapid increase over the last 10 years, averaging nearly 27,000 people annually. This growth, due largely to the influx of employment related migrants, will continue on into the 1990's but at a reduced rate - about 18,600 annually.

TABLE 12

ANNUAL EMPLOYMENT CHANGE



Annual Employment Change

National economic developments and trends are reflected to a large degree in San Diego's employment picture. The drop in the number of jobs added in 1975 came at a time when the nation was experiencing a recession. Since peaking at 41,800 new jobs annually in the last part of the 1970's, the annual employment change will see a fairly steady decline, leveling off at about 15,000 jobs per year in the mid-1980's. Wholesale, retail, and service employment is expected to amount to nearly half of all new jobs created in the region.

TABLE 13

UNEMPLOYMENT RATE

Unemployment Rate

The unemployment rate, a problem for the region in the past several years, is forecast to decline slightly until the mid-1980's. At that time, due to a large population increase with an unmatched increase in employment opportunities, the unemployment rate will increase somewhat. San Diego's unemployment rate generally exceeds that of the nation for several reasons, including the large number of people ending their military and scholastic careers here, and the attractiveness of the region as a place to live.

EMPLOYMENT BY SECTOR

Agriculture, Forestries, and Fisheries Employment

Agriculture, Forestries and Fisheries employment will maintain a very steady level of employment throughout the century. The lack of growth in this sector is reflective of the declining importance of agriculture in the economy as agricultural land is converted to urban uses.

Construction Employment

More than any other sector, the health of construction industry is dependent upon a thriving economy. Due to the continuing demand for housing and the growth in retail and service establishments, construction will continue to be an important part of the employment picture. However, employment growth in the construction sector is not expected to keep pace with the growth in total employment as it's relative share of total employment declines from the current 5% to 3.3% in 1995.

Manufacturing Employment

Growth in manufacturing employment, like construction, is in large part a function of the overall economic health in the state and national economies. Due to continuing growth in aerospace and other defense related industries located in San Diego, manufacturing employment, with 13.6% of the total employment, will maintain its current importance in the overall employment scene.

Transportation, Communication and Utilities Employment

Employment in this category is forecast to increase from its 1980 level of 28,300 to 41,000 by 1995. This sector primarily serves the local market and is, therefore, influenced mainly by growth of the region's population, housing, and income.

TABLE 14

AGRICULTURE, FORESTRIES & FISHERIES EMPLOYMENT

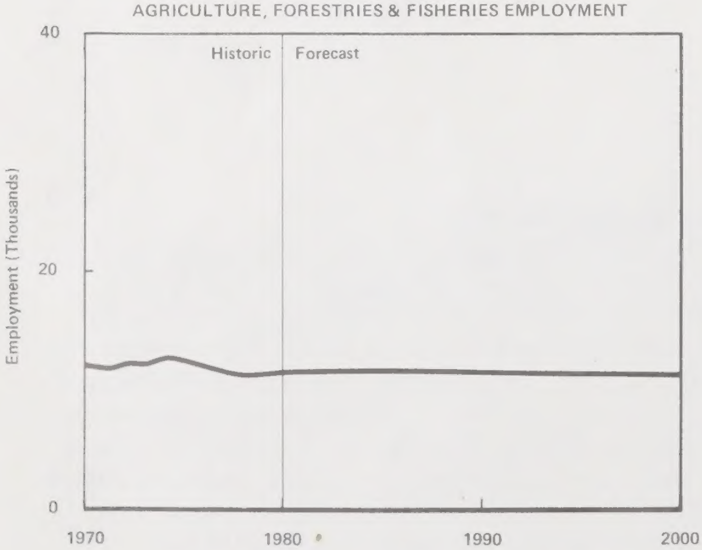


TABLE 15

CONSTRUCTION EMPLOYMENT

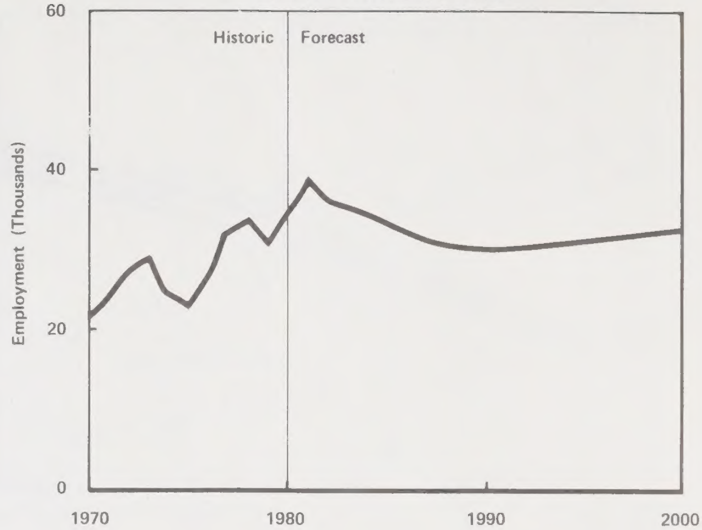


TABLE 16

MANUFACTURING EMPLOYMENT

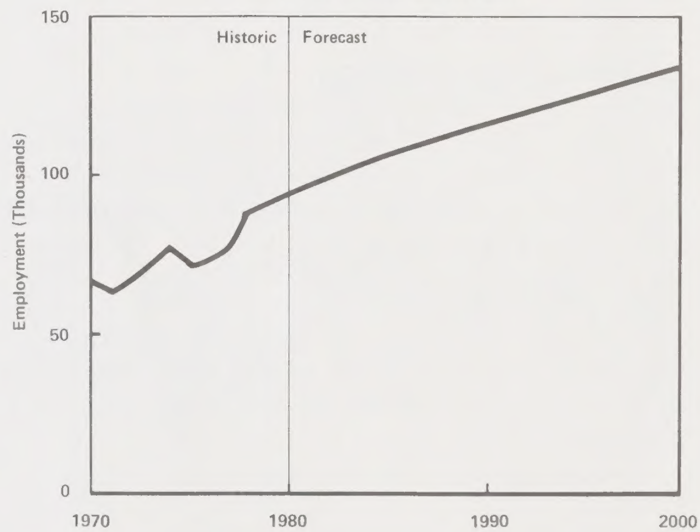
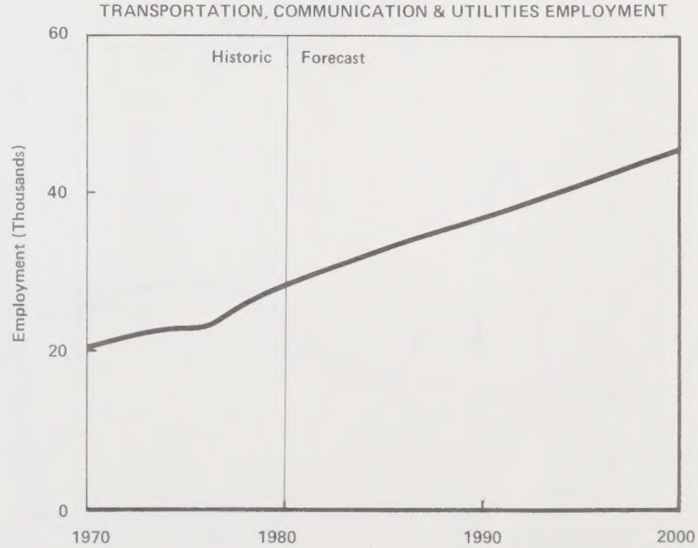


TABLE 17

TRANSPORTATION, COMMUNICATION & UTILITIES EMPLOYMENT



Finance, Insurance, and Real Estate Employment

Over 15,000 jobs will be added in this category during the next 15 years, from 36,500 in 1980 to 52,100 in 1995. Like Transportation, Communication and Utilities, most of the employment in this category serves local San Diego residents and businesses. As such, the growth in this sector will be due primarily to growth in San Diego's population and housing.

TABLE 18

FINANCE, INSURANCE & REAL ESTATE EMPLOYMENT

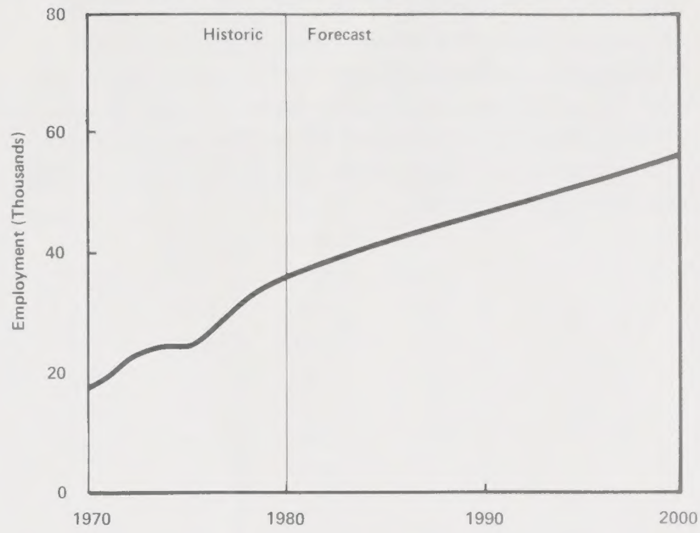
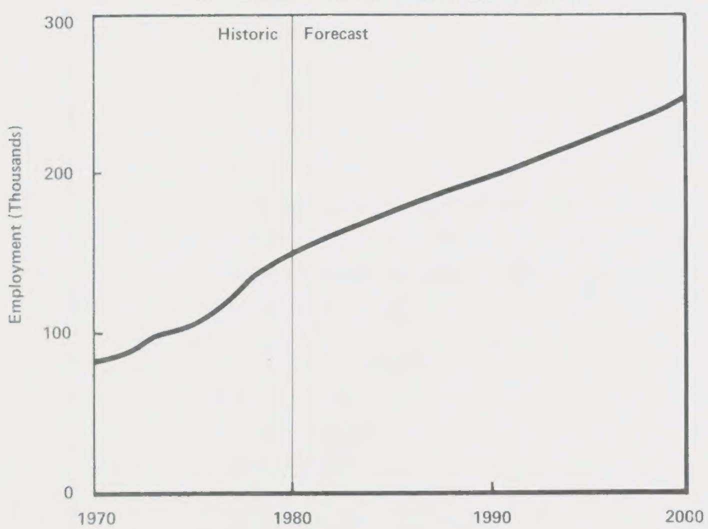


TABLE 19

WHOLESALE & RETAIL TRADE EMPLOYMENT

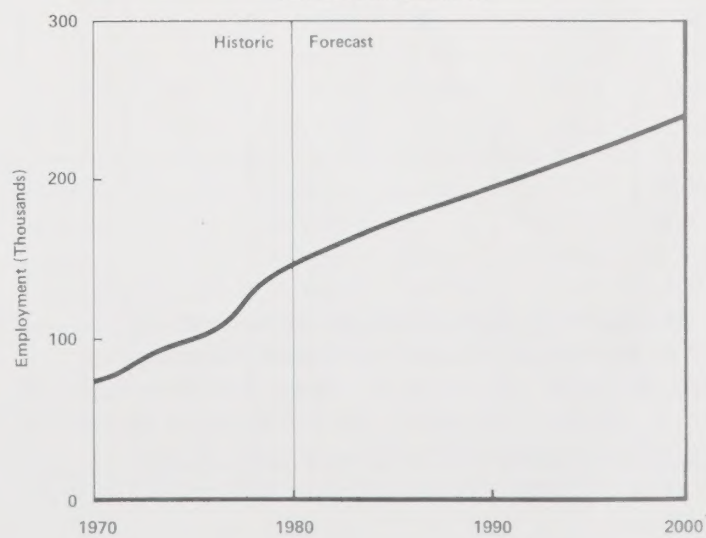


Wholesale and Retail Trade Employment

Wholesale and Retail Trade is expected to continue to be San Diego's largest employer. Nearly 73,000 new jobs are anticipated between 1980 and 1995, with Retail Trade accounting for about 89% of the growth.

TABLE 20

SERVICES EMPLOYMENT



Services Employment

The importance of San Diego's tourist industry is reflected in the growth in the Service sector. This category, which includes hotels, motels, recreational facilities, medical, legal, and personal services, is projected to increase 49% in the next 15-year period from 146,200 in 1980 to 218,300 in 1995. Its relative share of total employment will also increase from the present 21.2% to 23.2% in 1995. It is worth noting that employment in this sector will surpass government employment early in the 1980's, to become the second largest employment sector in the region.

Government Employment

Government employment will continue to be an important component of San Diego's employment structure, being the third largest segment behind Wholesale and Retail Trade and Services. Including federal, state and local governments as well as special districts and state and local education, government employment will drop from 21.2% to 19.6% of total employment by 1995.

TABLE 21

GOVERNMENT EMPLOYMENT

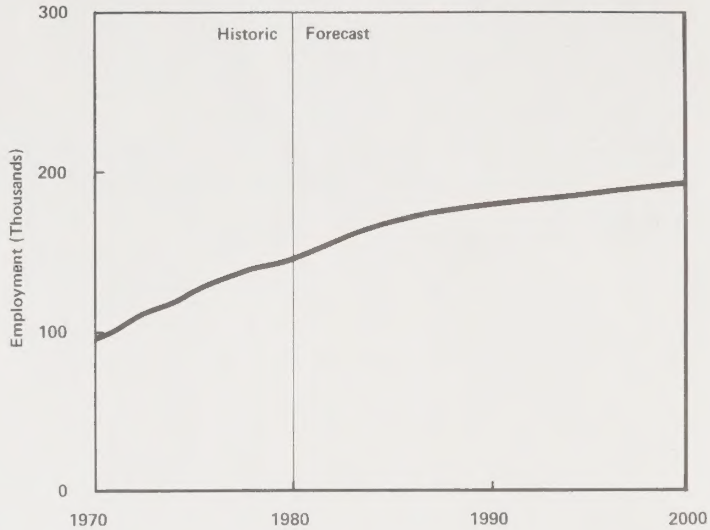
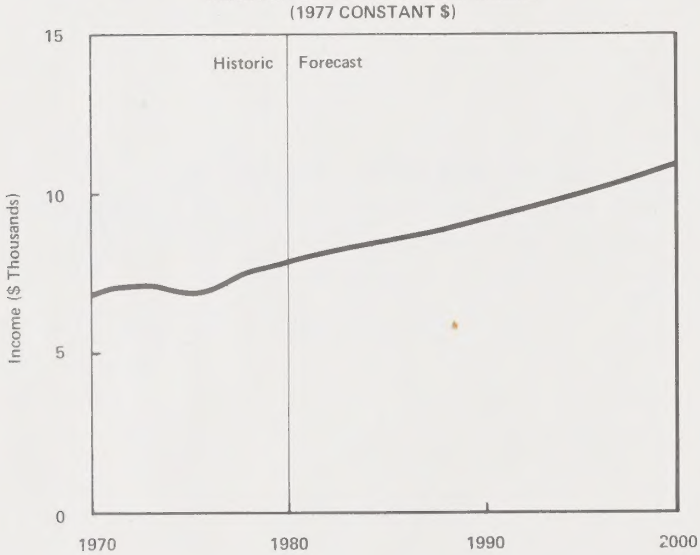


TABLE 23

REAL PER CAPITA PERSONAL INCOME
(1977 CONSTANT $)

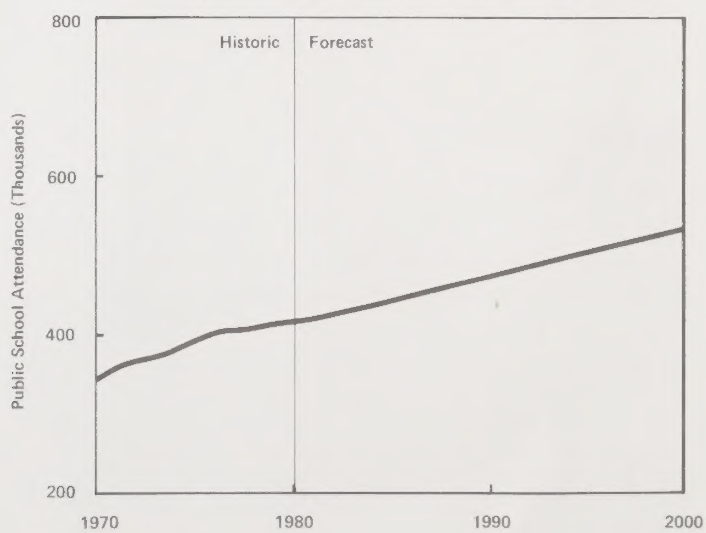


Real Per Capita Personal Income

Real per capita personal income (expressed in 1977 constant dollars) show a steady increase from $7,800 in 1980 to $10,000 in 1995, a rise in excess of 28 percent in 15 years.

TABLE 24

AVERAGE DAILY PUBLIC SCHOOL ATTENDANCE



Average Daily Public School Attendance

The average daily public school attendance is expected to increase at an average annual rate of 1.5% between now and 1995. This is somewhat below the projected level of population growth (2.3%), reflecting declining fertlity rates and an older population.

DEMOGRAPHIC & ECONOMIC FORECASTS
SAN DIEGO REGION 1975–2000

		1975	1980	1985	1990	1995	2000
DEMOGRAPHIC FORECASTS	Total Population (000)[1]	1,576.3	1,843.7	2,082.9	2,287.3	2,473.5	2,647.2
	Household Population (000)	1,484.0	1,739.6	1,972.9	2,173.2	2,355.3	2,524.6
	Group Quarters Population (000)	92.3	104.1	110.0	114.1	118.2	122.6
	Civilian Population (000)	1,451.0	1,721.4	1,957.9	2,162.3	2,348.5	2,522.2
	Military Inservice Population (000)	125.3	122.3	125.0	125.0	125.0	125.0
	Annual Population Change (000)	54.9	46.2	45.2	39.3	36.1	33.8
	Migration (000)	34.8	33.1	32.2	28.7	28.6	28.7
	Natural Increase (000)	9.3	13.1	13.0	10.7	7.6	5.1
	Births[2] (000)	20.4	26.6	29.9	30.8	30.8	31.3
	Deaths[2] (000)	11.1	13.5	16.9	20.2	23.2	26.2
	Median Age - Total Population	27.7	29.5	31.1	32.7	34.1	35.5
	- Resident Population	30.1	31.9	33.4	35.0	36.6	38.0
	Percent of Population Aged 65+	9.3	10.9	12.0	12.9	13.5	14.1
HOUSING FORECASTS	Total Housing Units (000)	576.9	689.0	831.5	935.6	1,029.4	1,121.3
	Single Family (000)	347.6	396.4	466.6	520.7	570.5	617.7
	Multiple Family (000)	195.3	250.4	314.8	357.4	394.3	431.5
	Mobile Homes (000)	34.0	42.1	50.1	57.4	64.6	72.2
	Occupied Housing Units (000)	545.6	654.0	768.7	865.5	955.5	1,042.2
	Vacancy Rate - Percent	5.4	5.1	7.5	7.5	7.2	7.1
	Population Per Household	2.72	2.66	2.57	2.51	2.47	2.42
	Value of Residential Construction ($ Millions)	475.4	1,720.1	2,018.4	2,575.7	3,570.8	4,948.1
LABOR FORCE AND EMPLOYMENT FORECASTS	Civilian Labor Force (000)	600.1	739.5	846.0	934.2	1,018.1	1,098.7
	Percent of Population in Labor Force	38.0	40.1	40.6	40.8	41.2	41.5
	Number Unemployed (000)	61.2	50.6	57.7	74.4	79.3	80.2
	Unemployment Rate - Percent	10.2	6.8	6.8	8.0	7.8	7.3
	Civilian Employment (000)	539.1	688.9	788.3	859.9	938.8	1,018.5
	Agriculture, Forestries & Fisheries Employment (000)	12.4	11.5	11.6	11.6	11.6	11.6
	Mineral Extraction Employment (000)	0.8	0.9	1.1	1.1	1.1	1.2
	Construction Employment (000)	22.8	34.9	33.6	30.1	31.3	32.9
	Manufacturing Employment (000)	71.9	93.5	105.6	115.7	125.1	134.5
	Transportation, Communications, & Utilities Employment (000)	22.5	28.3	32.9	36.9	41.0	45.4
	Wholesale & Retail Trade Employment (000)	108.1	152.9	178.4	201.3	225.7	251.0
	Finance, Insurance and Real Estate Employment (000)	24.6	36.5	42.2	47.0	52.1	57.5
	Service Employment (000)	99.6	146.2	171.7	194.5	218.3	243.1
	Government and Other Employment (000)	163.0	184.2	211.3	221.8	232.6	241.3
INCOME & PRICE LEVEL FORECASTS	Personal Income (1977 Constant Dollars - Millions)	10,803.6	14,418.2	17,604.1	20,975.2	24,781.5	29,050.2
	Disposable Income (1977 Constant Dollars - Millions)	9,318.0	12,428.0	15,137.5	18,013.9	21,260.3	24,919.1
	Per Capita Personal Income (1977 Constant Dollars)	6,900.0	7,800.0	8,500.0	9,200.0	10,000.0	11,000.0
	Per Capita Disposable Income (1977 Constant Dollars)	5,900.0	6,700.0	7,300.0	7,900.0	8,600.0	9,400.0
GOV'T	Assessor's Market Value ($ Millions)	NA	36,911.7	75,815.5	127,805.3	208,926.7	329,674.4
	Property Tax Revenue ($ Millions)	393.5	340.3	699.0	1,178.4	1,926.3	2,924.9
	Average Daily Public School Attendance (000)	393.0	416.9	443.9	476.3	508.9	535.3

[1] Based on July 1975 estimates from the California State Department of Finance.

[2] Excludes uniformed military and dependents.

DEMOGRAPHIC & ECONOMIC FORECASTS—ANNUAL RATES OF CHANGE
SAN DIEGO REGION 1975–2000

		1975-1980	1980-1985	1985-1990	1990-1995	1995-2000
DEMOGRAPHIC FORECASTS	Total Population	3.2	2.5	1.9	1.6	1.4
	Household Population	3.2	2.6	2.0	1.6	1.4
	Group Quarters Population	2.4	1.1	.7	.7	.7
	Civilian Population	3.5	2.6	2.0	1.7	1.4
	Military Inservice Population	(.5)	.4	—	—	—
HOUSING FORECASTS	Total Housing Units	3.6	3.8	2.4	1.9	1.7
	Single Family Housing Units	2.7	3.3	2.2	1.8	1.6
	Multiple Family Housing Units	5.1	4.7	2.6	2.0	1.8
	Mobile Homes	4.3	3.5	2.8	2.4	2.3
	Occupied Housing Units	3.7	3.3	2.4	2.0	1.8
LABOR FORCE AND EMPLOYMENT FORECASTS	Civilian Labor Force	4.3	2.7	2.0	1.7	1.5
	Civilian Employment	5.0	2.7	1.8	1.8	1.6
	Agric. Forestries & Fisheries Employment	(1.5)	.2	—	—	—
	Mineral Extraction	2.4	4.1	—	—	1.8
	Construction	8.9	(.8)	(2.2)	.8	1.0
	Manufacturing	5.4	2.5	1.8	1.6	1.5
	Transportation, Communication, Utilities	4.7	3.1	2.3	2.1	2.1
	Wholesale & Retail	7.2	3.1	2.4	2.3	2.2
	Finance, Insurance & Real Estate	8.2	2.9	2.2	2.1	2.0
	Service Employment	8.0	3.3	2.5	2.3	2.2
	Government and Other Employment	2.5	2.8	1.0	1.0	.7
INCOME & PRICE LEVEL FORECASTS	Personal Income (1977 Dollars - Millions)	5.9	4.1	3.6	3.4	3.2
	Disposable Income (1977 Dollars)	5.9	4.0	3.5	3.4	3.2
	Per Capita Income (1977 Dollars)	2.5	1.7	1.6	1.7	1.9
	Per Capita Disposable (1977 Dollars)	2.6	1.7	1.6	1.7	1.8
GOV'T	Assessors Market Value	NA	15.5	11.0	10.3	9.6
	Property Tax Revenues	(2.9)	15.5	11.0	10.3	8.7
	Average Daily School Attendance	1.2	1.3	1.4	1.3	1.0

*Compound rates of change